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FISCAL IMPACT STATEMENT

LS 7967

BILL NUMBER: SB 581

NOTE PREPARED: Jan 30, 2005

BILL AMENDED:

SUBJECT: Property tax credits.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows the county fiscal body to apply a property tax credit over four years for a homestead that had an excessive tax increase in the last general reassessment. The bill specifies that the amount of the credit is a percentage of that increase.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill would not impact the state expense for PTRC or homestead credits.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Beginning in CY 2006, this bill would give each county the option of providing property tax credits to homeowners if (1) the net property tax on the homestead in 2003, after all credits are applied, was more than twice the amount of the 2002 net tax (an increase of more than 100%) , and (2) the increase in net tax was at least \$500.

Eligible taxpayers would receive credits in 2005, 2006, 2007, and 2008. Each year, the credit would equal the 2003 net tax increase multiplied by: 80% in 2005, 60% in 2006, 40% in 2007, and 20% in 2008. The entire 2005 credit could be applied to the tax installment that is due in November, 2005.

No application is required to receive the credit. The county auditor would identify the eligible properties and apply the credit.

There is no funding mechanism in the bill for this credit. Property tax credits that are not funded reduce the tax collections that are distributed to local civil taxing units and school corporations. So, the entire cost of the credit would be a local revenue reduction.

State Agencies Affected:

Local Agencies Affected: All local civil taxing units and school corporations in counties that adopt the credit.

Information Sources:

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